

Augusta, Georgia

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Year Ended December 31, 2003**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 10,932,255
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	11,791,011
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(506,994)
Governmental funds report collections of long-term receivables as revenues. However, in the statement of net assets the receivables are recorded, and collection of those receivables reduce the principal amount recorded. This is the amount of current year collections of notes receivable.	76,472
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.	
Long-term liabilities	1,109,673
Bond issue costs capitalized	173,767
Accrued interest	114,001
	<u>1,397,441</u>
The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>(436,601)</u>
Change in net assets of governmental activities	<u>\$ 23,253,584</u>

The notes to the financial statements are an integral part of this statement.

**Augusta, Georgia**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2003**

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2002 Actual
	Original	Final		Positive (Negative)	
Taxes - property	\$ 25,570,130	\$ 24,728,570	\$ 25,264,680	\$ 536,110	\$ 23,452,043
Taxes - other than property	41,729,810	41,729,810	41,485,449	(244,361)	40,951,853
Licenses and permits	1,322,660	1,322,660	1,344,602	21,942	2,172,307
Use of money and property	2,214,000	2,214,000	1,921,751	(292,249)	1,744,293
Charges for current services	14,631,260	14,681,760	16,011,173	1,329,413	14,315,448
Fines and forfeitures	7,404,640	7,433,885	6,624,414	(809,471)	7,648,604
Intergovernmental	1,966,620	2,689,182	2,114,173	(575,009)	1,519,910
Contributions and donations	-	-	8,487	8,487	87
Other	64,100	64,100	78,110	14,010	138,723
Total revenues	94,903,220	94,863,967	94,852,839	(11,128)	91,943,268
Expenditures					
Current:					
General government	22,665,210	21,508,093	21,701,088	(192,995)	20,519,887
Judicial	10,037,530	10,554,458	10,525,575	28,883	9,541,324
Public safety	42,988,350	43,072,583	41,986,133	1,086,450	41,648,362
Public works	6,880,480	7,303,070	5,859,635	1,443,435	5,784,919
Health and welfare	2,049,920	2,263,187	2,049,197	213,990	2,041,700
Culture and recreation	11,213,690	11,132,344	10,796,229	336,115	10,467,424
Housing and development	1,471,530	1,720,890	1,501,551	219,339	1,969,401
Capital outlay	548,930	1,107,168	3,103,889	(1,996,721)	1,890,752
Debt service	147,290	147,290	117,392	29,898	124,833
Total expenditures	98,002,930	98,809,083	97,640,689	1,168,394	93,988,602
Excess (deficiency) of revenues over (under) expenditures	(3,099,710)	(3,945,116)	(2,787,850)	1,157,266	(2,045,334)
Other financing sources (uses)					
Transfers in	3,176,910	4,036,312	1,805,740	(2,230,572)	3,120,299
Transfers (out)	(77,200)	(91,196)	(406,831)	(315,635)	(537,428)
Capital lease proceeds	-	-	2,317,703	2,317,703	1,278,319
Total other financing sources (uses)	3,099,710	3,945,116	3,716,612	(228,504)	3,861,190
Net change in fund balances	\$ -	\$ -	928,762	\$ 928,762	1,815,856
Fund balance - beginning			31,232,032		29,416,176
Fund balance - ending			\$ 32,160,794		\$ 31,232,032

**Augusta, Georgia**  
**Fire Protection**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2003**

<b>Revenues</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2002 Actual</b>
	<b>Original</b>	<b>Final</b>			
Taxes - property	\$ 3,523,850	\$ 3,399,030	\$ 3,383,760	\$ (15,270)	\$ 2,941,810
Taxes - other than property	7,770,000	7,770,000	7,779,134	9,134	7,089,803
Use of money and property	232,000	232,000	85,495	(146,505)	104,676
Charges for current services	6,000	6,000	15,050	9,050	11,450
Intergovernmental	-	64,859	-	(64,859)	-
Other	-	-	19,615	19,615	24,560
Total revenues	<u>11,531,850</u>	<u>11,471,889</u>	<u>11,283,054</u>	<u>(188,835)</u>	<u>10,172,299</u>
<b>Expenditures</b>					
Current:					
General government	658,970	620,970	961,131	(340,161)	1,133,756
Public safety	16,992,880	17,245,575	16,203,602	1,041,973	15,928,544
Capital outlay	17,000	54,855	-	54,855	8,482
Debt service	-	125,000	-	125,000	-
Total expenditures	<u>17,668,850</u>	<u>18,046,400</u>	<u>17,164,733</u>	<u>881,667</u>	<u>17,070,782</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(6,137,000)</u>	<u>(6,574,511)</u>	<u>(5,881,679)</u>	<u>692,832</u>	<u>(6,898,483)</u>
<b>Other financing sources (uses)</b>					
Transfers in	6,137,000	6,574,511	6,012,000	(562,511)	6,512,306
Total other financing sources (uses)	<u>6,137,000</u>	<u>6,574,511</u>	<u>6,012,000</u>	<u>(562,511)</u>	<u>6,512,306</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>130,321</u>	<u>\$ 130,321</u>	<u>(386,177)</u>
<b>Fund balance - beginning</b>			<u>1,600,450</u>		<u>1,986,627</u>
<b>Fund balance - ending</b>			<u>\$ 1,730,771</u>		<u>\$ 1,600,450</u>

**Augusta, Georgia**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2003**

	Enterprise Funds				Internal Service Funds
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	
Assets					
Current assets					
Cash and temporary investments	\$ 26,092,976	\$ 13,026,708	\$ 11,118,635	\$ 50,238,319	\$ 960,466
Receivables (net of allowance for doubtful accounts)					
Taxes	-	-	632,531	632,531	-
Accounts	5,936,762	672,198	454,049	7,063,009	3,068,652
Interest	913,235	-	1,312	914,547	-
Intergovernmental	-	353,207	881,359	1,234,566	-
Inventory	1,435,013	181,388	238,448	1,854,849	-
Due from other funds	-	-	72,710	72,710	-
Total current assets	34,377,986	14,233,501	13,399,044	62,010,531	4,029,118
Noncurrent assets					
Restricted cash and investments	162,681,573	-	-	162,681,573	13,098,945
Deferred bond issuance costs	4,154,589	-	-	4,154,589	-
Capital assets, net	270,365,483	25,435,367	9,708,651	305,509,501	240,342
Total noncurrent assets	437,201,645	25,435,367	9,708,651	472,345,663	13,339,287
Total assets	\$ 471,579,631	\$ 39,668,868	\$ 23,107,695	\$ 534,356,194	\$ 17,368,405
Liabilities					
Current liabilities					
Accounts payable	\$ 6,666,104	\$ 636,191	\$ 741,763	\$ 8,044,058	\$ 828,474
Accrued interest	3,948,582	-	-	3,948,582	-
Due to others	-	39,000	-	39,000	-
Due to other funds	5,702,212	1,663,879	3,538,534	10,904,625	433,451
Accrued salaries and vacation	633,225	186,943	305,548	1,125,716	36,300
Other accrued liabilities	-	-	162,907	162,907	-
Deferred revenue	-	-	650	650	-
Current portion of notes payable	428,936	-	-	428,936	-
Current portion of leases payable	498,133	-	49,057	547,190	-
Current portion of revenue bonds payable	2,255,000	-	-	2,255,000	-
Total current liabilities	20,132,192	2,526,013	4,798,459	27,456,664	1,298,225
Noncurrent liabilities					
Closure/postclosure accrual	-	-	11,800,706	11,800,706	-
Revenue bonds payable	300,504,183	-	-	300,504,183	15,989,693
Notes payable	8,778,445	-	-	8,778,445	-
Capital leases	237,084	-	49,057	286,141	-
Total noncurrent liabilities	309,519,712	-	11,849,763	321,369,475	15,989,693
Total liabilities	329,651,904	2,526,013	16,648,222	348,826,139	17,287,918
Net assets					
Invested in capital assets, net of related debt	112,589,981	25,435,367	9,610,537	147,635,885	240,342
Restricted	7,755,294	-	-	7,755,294	-
Unrestricted	21,582,452	11,707,488	(3,151,064)	30,138,876	(159,855)
Total net assets	\$141,927,727	\$37,142,855	\$6,459,473	\$185,530,055	\$80,487

Some amounts reported for *business-type activities* in the statement of net assets are different because of the following:

Certain internal fund assets and liabilities are included with business-type activities.	\$ (176,121)
Total net assets for business-type activities	<u>\$ 185,353,934</u>

The notes to the financial statements are an integral part of this statement.

**Augusta, Georgia**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended December 31, 2003**

	Enterprise Funds				Internal Service Funds
	Water and Sewer System	Augusta Regional Airport	Other Enterprise Funds	Total	
<b>Operating revenues</b>					
Charges and fees	\$ 45,135,821	\$ 10,880,553	\$ 13,323,385	\$ 69,339,759	\$ 24,365,459
Total operating revenues	45,135,821	10,880,553	13,323,385	69,339,759	24,365,459
<b>Operating expenses</b>					
Personal services and employee benefits	7,945,976	2,435,033	4,136,156	14,517,165	391,723
Purchased/contracted services	7,797,023	1,541,685	11,289,047	20,627,755	415,724
Supplies	3,710,838	4,947,693	1,037,507	9,696,038	332,381
Repairs and maintenance	2,629,780	328,599	413,087	3,371,466	3,685,194
Interfund/interdepartmental charges	1,581,260	274,733	873,520	2,729,513	379
Other costs	25,000	108,310	774,212	907,522	98,787
Depreciation	10,019,815	1,555,972	1,704,145	13,279,932	96,615
Closure/postclosure accrual	-	-	817,227	817,227	-
Lease expense	-	-	-	-	3,275,020
Risk benefit charges	-	-	-	-	942,285
Insurance	-	-	-	-	15,896,194
Total operating expenses	33,709,692	11,192,025	21,044,901	65,946,618	25,134,302
<b>Operating income (loss)</b>	11,426,129	(311,472)	(7,721,516)	3,393,141	(768,843)
<b>Nonoperating revenue (expense)</b>					
Interest revenue	6,760,818	173,169	116,749	7,050,736	350,598
Sale of property	90,854	-	4,050	94,904	300
Other revenue	-	597,492	30,705	628,197	147,292
Intergovernmental	-	1,236,414	1,474,183	2,710,597	-
Interest expense	(16,442,576)	(23,287)	(76,512)	(16,542,375)	(342,069)
Total nonoperating revenue (expense)	(9,590,904)	1,983,788	1,549,175	(6,057,941)	156,121
<b>Income (loss) before transfers</b>	1,835,225	1,672,316	(6,172,341)	(2,664,800)	(612,722)
Transfers in	-	100,000	4,828,890	4,928,890	182,288
Transfers out	-	(50,000)	-	(50,000)	(182,288)
<b>Change in net assets</b>	1,835,225	1,722,316	(1,343,451)	2,214,090	(612,722)
<b>Total net assets - beginning</b>	137,659,482	35,420,539	8,614,526	181,694,547	429,886
<b>Prior period adjustment</b>	2,433,020	-	(811,602)	1,621,418	263,323
<b>Total net assets - beginning, as restated</b>	140,092,502	35,420,539	7,802,924	183,315,965	693,209
<b>Total net assets - ending</b>	\$ 141,927,727	\$ 37,142,855	\$ 6,459,473	\$ 185,530,055	\$ 80,487

Some amounts reported for *business-type activities* in the statement of net assets are different because of the following:

Certain internal fund assets and liabilities are included with business-type activities.

Total net assets for business-type activities

(176,121)  
\$ 185,353,934

The notes to the financial statements are an integral part of this statement.

**Augusta, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2003**

	Enterprise Funds			Total	Internal Service Funds
	Water & Sewer System	Augusta Regional Airport	Other Enterprise Funds		
<b>Operating activities</b>					
Cash received from customers	\$ 44,460,305	\$ 11,539,987	\$ 14,434,805	\$ 70,435,097	\$ -
Cash received from contributions	-	-	-	-	22,218,647
Cash paid to suppliers	(10,263,618)	(10,211,208)	(13,030,454)	(33,505,280)	(21,476,366)
Cash paid to employees	(7,914,113)	-	(4,086,856)	(12,000,969)	(387,075)
Cash paid for interfund services used	1,986,866	-	339,087	2,325,953	(379)
<b>Net cash provided by (used in)     operating activities</b>	<b>28,269,440</b>	<b>1,328,779</b>	<b>(2,343,418)</b>	<b>27,254,801</b>	<b>354,827</b>
<b>Noncapital financing activities</b>					
Transfers in	-	100,000	4,828,890	4,928,890	3,268,818
Transfers out	-	(50,000)	-	(50,000)	-
Operating grants	-	-	97,719	97,719	-
Interest expense on operating capital	-	-	(50,612)	(50,612)	(10,514)
Other revenue	-	580,528	-	580,528	147,292
<b>Net cash provided by noncapital     financing activities</b>	<b>-</b>	<b>630,528</b>	<b>4,875,997</b>	<b>5,506,525</b>	<b>3,405,596</b>
<b>Capital and related financing activities</b>					
Proceeds from grants	-	1,055,171	586,771	1,641,942	-
Proceeds from sale of property	90,854	-	4,050	94,904	299
Proceeds from capital leases	711,253	-	-	711,253	-
Interest on bond funds	6,456,569	-	-	6,456,569	-
Other miscellaneous income	-	-	30,705	30,705	-
Purchase of capital assets	(60,797,745)	(3,030,226)	(762,779)	(64,590,750)	1
Interest paid on capital debt	(16,064,318)	-	(25,900)	(16,090,218)	(3,555,460)
Principal paid on capital debt	(1,462,904)	(24,230)	-	(1,487,134)	-
Principal paid on revenue bonds	(2,175,000)	-	-	(2,175,000)	-
<b>Net cash provided (used) by capital and     related financing activities</b>	<b>(73,241,291)</b>	<b>(1,999,285)</b>	<b>(167,153)</b>	<b>(75,407,729)</b>	<b>(3,555,160)</b>
<b>Investing activities</b>					
Interest received	756,493	173,169	117,085	1,046,747	350,598
<b>Net cash provided by investing activities</b>	<b>756,493</b>	<b>173,169</b>	<b>117,085</b>	<b>1,046,747</b>	<b>350,598</b>
<b>Net increase in cash and cash     equivalents/investments</b>	<b>(44,215,358)</b>	<b>133,191</b>	<b>2,482,511</b>	<b>(41,599,656)</b>	<b>555,861</b>
<b>Cash and cash equivalents/investments</b>					
<b>Beginning of year</b>	<b>232,989,907</b>	<b>12,893,517</b>	<b>8,636,124</b>	<b>254,519,548</b>	<b>13,503,550</b>
<b>End of year</b>	<b>\$ 188,774,549</b>	<b>\$ 13,026,708</b>	<b>\$ 11,118,635</b>	<b>\$ 212,919,892</b>	<b>\$ 14,059,411</b>

The notes to the financial statements are an integral part of this statement.

**Augusta, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2003**

	Enterprise Funds			Total	Internal Service Funds
	Water & Sewer System	Augusta Regional Airport	Other Enterprise Funds		
<b>Reconciliation of operating income (loss)</b>					
to net cash provided by					
(used in) operating activities					
Operating income (loss)	\$ 11,426,129	\$ (311,472)	\$ (7,721,516)	\$ 3,393,141	\$ (227,349)
Adjustments to reconcile operating income (loss)					
to net cash provided by (used in) operating					
activities:					
Depreciation	10,019,815	1,555,972	1,704,145	13,279,932	22,519
Closure/post closure costs	-	-	817,227	817,227	-
Change in assets and liabilities					
Accounts receivable	(675,515)	590,607	2,303,636	2,218,728	2,660,648
Due from other funds	-	-	160,211	160,211	1,031,374
Inventory	16,749	(7,417)	(34,013)	(24,681)	-
Taxes receivable	-	-	(632,531)	(632,531)	-
Accounts payable	1,782,318	(498,911)	(87,261)	1,196,146	(463,653)
Accrued salaries and vacation	60,135	-	49,300	109,435	7,365
Other accrued liabilities	-	-	(41,885)	(41,885)	3,010
Due to other funds	5,592,976	-	1,138,619	6,731,595	(664,277)
Unearned revenue	-	-	650	650	-
Claims payable	46,833	-	-	46,833	-
Total adjustments	16,843,311	1,640,251	5,378,098	23,861,660	2,596,986
<b>Net cash provided by (used in)</b>					
<b>operating activities</b>	<b>\$ 28,269,440</b>	<b>\$ 1,328,779</b>	<b>\$ (2,343,418)</b>	<b>\$ 27,254,801</b>	<b>\$ 2,369,637</b>

The notes to the financial statements are an integral part of this statement.

**Augusta, Georgia**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2003**

	<b>Pension Trust Funds</b>	<b>Private-purpose Trust Fund Joseph R. Lamar</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,363,721	\$ 190	\$ 7,639,528
Investments			
U.S. Government securities	20,524,886	-	-
Corporate bonds	17,038,735	-	-
Equity securities	47,391,791	-	-
Real estate	1,700,000	-	-
Receivables (net of allowance for doubtful accounts)			
Taxes	-	-	24,807,936
Interest	651,053	-	-
Restricted assets			
Perpetual care	-	5,000	-
Due from other funds	100,000	-	-
Total assets	<u>\$ 91,770,186</u>	<u>\$ 5,190</u>	<u>\$ 32,447,464</u>
<b>Liabilities</b>			
Accounts payable	\$ 9,167	\$ -	\$ -
Due to others	-	-	6,272,892
Due to other funds	370,525	-	1,366,636
Uncollected taxes	-	-	24,807,936
Total liabilities	<u>379,692</u>	<u>-</u>	<u>\$ 32,447,464</u>
<b>Net assets</b>			
Held in trust for pension benefits and other purposes	<u>\$ 91,390,494</u>	<u>\$ 5,190</u>	

The notes to the financial statements are an integral part of this statement.

**Augusta, Georgia**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended December 31, 2003**

	<b>Pension Trust Funds</b>	<b>Private-purpose Trust Fund Joseph R. Lamar</b>
<b>Additions</b>		
Contributions	\$ 2,102,484	\$ -
Net investment income	11,148,628	307
Transfers in	1,305,030	-
Total additions	<u>14,556,142</u>	<u>307</u>
<b>Deductions</b>		
Other	-	175
Administration	590,585	-
Benefit payments	5,848,372	-
Refunds	225,313	-
Total deductions	<u>6,664,270</u>	<u>175</u>
<b>Change in net assets</b>	7,891,872	132
<b>Total net assets - beginning</b>	<u>83,498,622</u>	<u>5,058</u>
<b>Total net assets - ending</b>	<u>\$ 91,390,494</u>	<u>\$ 5,190</u>

The notes to the financial statements are an integral part of this statement.



## **Notes to Financial Statements**



## Notes to Financial Statements

Year Ended December 31, 2003

**Note 1 - Summary of significant accounting policies**

Augusta, Georgia ("the Government") accounts for its financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Government's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and in the proprietary fund financial statements, the Government applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Accordingly, the Government has adopted accounting policies, as described below.

**A. Reporting entity**

Augusta is located in the east central section of the state on the south bank of the Savannah River, which serves as the boundary between Georgia and South Carolina. Augusta is on the fall line and has a landscape dotted with foothills which descend to the coastal plain. Augusta is the head of the navigation on the Savannah River and is 135 miles east of Atlanta, 127 miles northwest of the port of Savannah, and 72 miles southwest of Columbia, South Carolina. Augusta is the trade center for 13 counties in Georgia and five in South Carolina, a section known as the Central Savannah River Area.

The Government was created by legislative act in the State of Georgia in 1995 from the unification of the two governments, the City of Augusta, Georgia and Richmond County, Georgia. On June 20, 1995, the citizens of Richmond County and the City of Augusta voted to consolidate into one government named Augusta, Georgia. The officials for the new government were elected and, based on the charter, took office on January 1, 1996. The unified government combined all functions and began financial operations January 1, 1996.

The Government is governed by a full-time Mayor, with a term of four years, and a ten member Commission, who serve on a part-time basis and are elected to staggered terms of four years. The Mayor and Commission appoint an Administrator who serves as a full-time administrative officer and is responsible for the daily operations of the Government.

The Government's financial statements include the accounts of all Augusta and Richmond County operations. The criteria for including organizations as component units within Augusta's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Government holds the corporate powers of the organization
- the Government appoints a voting majority of the organization's board
- the Government is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the Government

Utilizing the above criteria, the following agencies and commissions were included using the blending method in the financial statements: Augusta Port Authority, Downtown Development Authority, and Richmond County Public Facilities, Inc. (see Note 4D).

Complete financial statements for the individual component units may be obtained at the following address: Augusta, Georgia, Finance Department, 501 Greene Street, Augusta, Georgia 30901

The Government's other component unit, the Department of Health, is included in a separate column in the accompanying government-wide financial statements. This unit is reported in a separate column to emphasize that it is legally separate from the Government. Separate financial statements may be obtained from the Richmond County Department of Health at 950 Laney Walker Blvd., Augusta, Georgia 30901

Richmond County Department of Health - A voting majority of the board is appointed by the Government.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

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Note 1 - Summary of significant accounting policies (Continued)**B. Basis of Presentation**

*Government-wide statements:* The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Government and for each function of the Government's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*Fund financial statements:* The fund financial statements provide information about the Government's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operation revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Government reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Government. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for public safety, recreation, street maintenance and improvements, and sanitation services.

**Fire Protection Fund** – The Fire Protection Fund is a special revenue fund that accounts for the receipts and disbursements of tax revenues restricted for fire protection services in the unincorporated area only. The primary revenue source is ad valorem taxes, and the primary expenditures are for public safety.

**Special Sales Tax Phase III Fund** – The Special Sales Tax Phase III Fund is a capital projects fund that accounts for the receipts and disbursements of one percent (1%) sales tax currently collected from 1996 through 2000. The primary revenue sources are sales taxes, and the primary expenditures are capital outlay projects, primarily for public works, recreation and outside agency projects.

**Special Sales Tax Phase IV Fund** – This fund was established for expenditures specifically budgeted from revenues from the one cent sales tax (Phase IV) collected from the years 2001 – 2005 to be used primarily for public works, recreation and outside agency projects.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 1 - Summary of significant accounting policies (Continued)**

The Government reports the following nonmajor governmental funds:

**Special Revenue Funds**

**Urban Services District Fund** - This fund accounts for revenue primarily from ad valorem taxes from areas within the former city limits and expenditures related to governmental services such as "Main Street", "Urban Street Lights", and "Sanitation".

**Emergency Telephone System Fund** - This fund accounts for the receipt and disbursement of revenues of the emergency telephone response system.

**Capital Outlay Fund** - This fund accounts for the disbursement of revenues for all capital expenditures in General Fund departments. Capital expenditures are defined as any non-disposable item over \$500 which includes vehicles, office and computer equipment, communications equipment, building renovations and office furniture.

**Law Enforcement Fund** - This fund accounts for revenue and expenditures of the Sheriff's Department and Jail.

**Occupational Tax Fund** - This fund accounts for the receipt and disbursement of tax revenues restricted for fire protection services in the unincorporated area only.

**Special Assessment Fund** - This fund accounts for the receipt and disbursement of street light assessment taxes for the installation of street lights in the Government.

**Promotion/Tourism Fund** - This fund accounts for the receipt and disbursement of hotel/motel and beer/wine tax revenues to the Augusta-Richmond County Convention & Visitors Bureau and the Augusta-Richmond County Coliseum Authority.

**Housing and Neighborhood Development Fund** - This fund accounts for the financing and construction of various community development projects from grants received from the U.S. Department of Housing and Urban Development.

**Urban Development Action Grant (UDAG) Fund** - This fund accounts for loan transactions in relation to urban development action grants. Repayments of initial grant revenue loaned to qualified recipients are restricted to additional financing to qualified applicants.

**Downtown Development Authority Fund** - This fund accounts for funding it receives from the County and from special tax on downtown merchants.

**State Capital Grants Fund** - This fund accounts for receipt and expenditure of the State Capital Grant, which is restricted for capital expenditures only.

**Law Library Fund** - This fund accounts for revenue and expenditures of the Law Library.

**5% Crime Victim's Assistance Fund** - This fund accounts for the 5% surcharge on certain fines with the proceeds used for a victim's assistance program.

**Supplemental Juvenile Service Fund** - This fund accounts for supervisory fees collected on juvenile cases.

**Building Inspection Fund** - This fund accounts for building inspection revenues and expenditures.

**Weed and Seed Federal Grant Fund** - This fund accounts for a grant designed to target high risk areas for teens and weed out the bad influences and sow the seed for a better life.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 1 - Summary of significant accounting policies (Continued)**

**Wireless Phase Fund** – This fund accounts for activities associated with 911 charges for wireless service.

**Community Greenspace Fund** – This fund is used to acquire real property for the preservation of greenspace, pursuant to the Georgia Greenspace Program as established in OCGA 36-22 et seq.

**Perpetual Care I Fund** - This fund accounts for monies collected from sale of perpetual care contracts at Government-owned cemeteries after October 1, 1970, as well as receipt of investment earnings on all perpetual care investments and payment of cemetery maintenance expenditures.

**Landbank Authority** - This fund accounts for property owned by the County for the future progress of Augusta, GA.

**Federal Drug Fund** - This fund accounts for activities associated with drug education and enforcement.

**State Drug Fund** - This fund accounts for activities associated with drug education and enforcement.

**Debt Service Funds**

**Debt Service Fund** - This fund accounts for general obligation bonds and notes payable and any other debts not recorded in the Enterprise Funds.

**Urban Debt Service Fund** - This fund accounts for general obligation bonds related to the former City of Augusta.

**Capital Projects Funds**

**Community Development Fund** - This fund accounts for the financing and construction of various community development projects. Financing is provided by grants received from the U.S. Department of Housing and Urban Development.

**Special Sales Tax Phase I Fund** - This fund accounts for financing and construction of various road improvement projects. Financing is provided by receipts from a 1987 special one percent local option sales tax referendum.

**Special Sales Tax Phase II Fund** - This fund accounts for financing and construction of various construction and road improvements, drainage, jail improvements, and museums. Financing is to be provided by receipts from a 1991 special one percent local option sales tax referendum.

**Permanent Fund**

**Perpetual care II Fund** - This fund accounts for the principal originally donated for the sale of perpetual care contracts at government-owned cemeteries after October 1, 1970. The principal must be maintained intact and invested.

The Government reports the following major enterprise funds:

**Water and Sewer System Fund** – This fund is used to account for the activity of providing water and sewer services to the residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, financing and related debt service, and billing and collection.

**Augusta Regional Airport at Bush Field Fund** - This fund accounts for the operations of Augusta Regional Airport at Bush Field, the only airport within the County from which service from the major airlines is available.

Notes to Financial Statements - Continued

Year Ended December 31, 2003

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**Note 1 - Summary of significant accounting policies (Continued)**

The Government reports the following nonmajor enterprise funds:

**Waste Management Fund** - This fund accounts for the provision of landfill services to residents and industries of the County. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and collection.

**Municipal Golf Course Fund** - This fund accounts for the operation of the Municipal Golf Course, an 18-hole golf course located within the city limits.

**Transit Fund** - This fund accounts for the operations of the Augusta Public Transit which provides scheduled bus service within Richmond and Columbia counties.

**Daniel Field Airport Fund** - This fund accounts for revenue and expenses related to Daniel Field Airport.

**Newman Tennis Center Fund** - This fund accounts for receipt and expenses related to the operations at Newman Tennis Center.

**Garbage Collection Fund** - This fund accounts for receipt and expenses related to the Government's garbage collection contract.

**Riverwalk Fund** - This fund accounts for receipt and expenses related to the Government's Riverwalk.

Additionally, the Government reports the following fund types:

**Pension Trust Fund** - The Government has pension trust funds that account for the Government's employees' pension plans. The Government maintains the following pension trust funds: 1945 Pension Trust Fund, 1977 Pension Trust Fund, and the General Retirement Fund.

**Private Purpose Trust Fund** - The Government has a private-purpose trust fund that accounts for resources legally held in trust to finance awards for children attending Joseph R. Lamar School. The principal amount of the gift is to be maintained intact and invested. Investment earnings are used for the awards. The Government maintains the following private-purpose trust fund: Joseph R. Lamar Fund.

**Agency Funds** - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Government holds on behalf of others. The Government maintains the following agency funds: Tax Commissioner, which accounts for tax billings, collections and remittances made by the Tax Commissioner on behalf of the County and other governmental agencies; Probate judge, which accounts for the receipt and disbursement of licenses and other fees collected by the Probate Judge; Sheriff's Department, which accounts for the receipt and disbursement of funds collected by the department from individuals posting bond; Civil Court, which accounts for the receipt and disbursement of court-ordered fines, fees and garnishments made on behalf of third parties; and Clerk of Court, which accounts for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties and traffic violation fines.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

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**Note 1 - Summary of significant accounting policies (Continued)****C. Measurement Focus and Basis of Accounting**

*Government-wide, Proprietary and Fiduciary Fund Financial Statements* – The government-wide, proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus, except for agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary financial statements are reported using the accrual basis on accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Government gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Government enterprise funds are charges to customers for sales and services. The Government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The Government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, licenses, interest revenues and charges for services. State-shared revenues collected and held by the state at year-end on behalf of the Government also are recognized as revenue. Fines, fees and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Government funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Government's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 1 - Summary of significant accounting policies (Continued)****D. Budgets and budgetary accounting**

The Government generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budgetary hearings are held in October to discuss departmental budgets.
2. The Finance Committee presents the tentative budget to the Commission in November.
3. The permanent budget is legally adopted by the Commission prior to the start of the next fiscal year.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts between object categories within departments requires the approval of the Government's Administrator. The Augusta-Richmond County Commission must approve revisions that alter the total expenditures of any department or fund. Budgets for capital items are reappropriated in the ensuing year's budget. Departments may request for other budget items to be reappropriated in the form of a budget adjustment, contingent of the Commission's approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds.
6. Budgets for these funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Budget information for expenditures represents the operating budget (as amended) as approved by the Augusta-Richmond County Commission.

**E. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration for the General Fund, Special Revenue Funds, Debt Service and Capital Projects Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances for outstanding purchase orders do not lapse at year end. Therefore, they are reported as reservations of fund balance.

**F. Cash and cash equivalents**

The Government maintains a cash and investment pool in which the General Fund and all funds share. Each fund's portion of the pool is displayed on its respective balance sheet as cash and cash equivalents and includes non-pooled cash and investments separately held. Funds which have an excess of outstanding checks over bank balance have had these balances reclassified as a due to the General Fund for purposes of financial statement presentation. Interest income is allocated to each fund monthly based on its average monthly balance.

For the purposes of financial statement presentation, the Government considers all highly liquid investments with an original maturity of one year or less, or with insignificant early withdrawal penalties, to be cash equivalents. Exceptions include the Government's pension plans which classify only cash as cash equivalents in order to appropriately report investment activity. Cash equivalents include amounts in certificates of deposit, repurchase agreements, and U.S. Treasury bills, and are stated at cost which approximates market. All deposits are stated at cost plus accrued interest, which reasonably estimates fair value.

The State statutes authorize the Government to invest in obligations of the United States government and agencies thereof, general obligations of the State of Georgia or any of its political subdivisions, or banks and savings and loan associations to the extent that they are secured by the Federal Deposit Insurance Corporation.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 1 - Summary of significant accounting policies (Continued)****G. Investments**

Investments are reported at fair value. Fair value is determined as follows: short-term investments are reported at cost, which approximates fair value; securities traded on national exchanges are valued at current prices or current prices of similar securities; securities for which an established market does not exist are reported at estimated fair value using selling prices for similar investments for which there is an active market; fair value of real estate is based on appraised values.

**H. Inventories and prepaid expenses**

Inventories in the governmental funds are valued at cost using the first-in, first-out method. Inventories in the proprietary funds are valued at the lower of cost (first-in, first-out) or market. The costs of governmental fund-type inventories and prepaid expenses are recorded as expenditures when consumed rather than when purchased. Reported inventories and prepaid expenses are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources".

**I. Interfund receivables/payable and Internal Balances**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and as "internal balances" on the statement of net assets in the government-wide financial statements.

**J. Bond discounts and issuance costs**

Bond discounts and issuance costs for proprietary funds are deferred and amortized over the term of the bonds using the effective-interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

**K. Restricted assets**

Certain assets of the Debt Service Fund and Enterprise Funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

**L. Capital assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are \$5,000 for all categories of capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to January 1, 2001, consist of the streets network that were acquired or that received substantial improvements subsequent to January 1, 1980. The streets network is reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation is computed using the straight-line method. A summary of the estimated useful lives is as follows:

Vehicles	5 years
Furniture and fixtures	7 years
Machinery and equipment	10 years
Buildings and improvements	20 years
Water and Sewer systems	30 years
Infrastructure	30 years

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 1 - Summary of significant accounting policies (Continued)****M. Compensated absences**

The vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Government's government-wide financial statements and proprietary fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned. The Government has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

No accrual has been established for accumulated sick leave of employees since it is the Government's policy to record the cost of sick leave only when it is used.

**N. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 - Stewardship, compliance and accountability****A. Excess of expenditures over appropriations**

	Expenditures		Variance Positive (Negative)
	Budget	Actual	
<b>Nonmajor Governmental Funds</b>			
Law Library	\$ -	\$ 15	\$ (15)
Special Assessment	1,257,020	1,525,129	(268,109)
Downtown Development Authority	426,320	672,780	(246,460)
5% Crime Assistance	383,000	397,654	(14,654)

**B. Fund Balance or Net Assets**

Following is a detail of funds with deficit fund balances or net assets. The Government plans to fund the deficits through the general operations of the Government.

<b>Nonmajor Governmental Funds</b>	
Emergency Telephone System	\$ (133,726)
Special Assessment	(16,177)
Downtown Development Authority	(86,794)
Law Library	(22,576)
<b>Nonmajor Enterprise Funds</b>	
Newman Tennis Center	\$ (201,647)
Garbage Collection	(608,281)

**Note 3 - Detailed notes on all funds****A. Deposits and investments**

At December 31, 2003, the Government's cash and temporary investments balance on the balance sheet included demand deposits, certificates of deposit, repurchase agreements, and local government investment pools. The cash balance was secured by Federal Depository Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF) or by collateral held by the agent in the Government's name.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 – Detailed notes on all funds (Continued)

The local government investment pool "Georgia Fund 1", created by O.C.G.A. §36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

At December 31, 2003, the carrying amount of the Government's deposits with financial institutions was \$81,225,297 and the bank balance was \$82,715,798.

Amount insured by the FDIC	\$ 700,000
Amount collateralized with securities held by pledging institutions in the Government's name	<u>82,015,798</u>
Total bank balance of deposits	<u>\$ 82,715,798</u>

The Government's investments are shown by type, carrying amount, market value and level of risk assumed in the holding of the various securities. At December 31, 2003 the County's cash and investment balances were as follows:

	Category			Carrying	Market
	1	2	3	Amount	Value
Repurchase agreements	\$ 137,875,140	\$ -	\$ -	\$ 137,875,140	\$ 137,875,140
U.S. Government securities	22,446,692	41,147,399	-	63,594,091	63,594,091
Corporate securities	17,038,735	219,360	-	17,258,095	17,258,095
Equity securities	47,391,791	-	-	<u>47,391,791</u>	<u>47,391,791</u>
Local government investment pool				139,394,383	139,394,383
Carrying amount of deposits with financial institutions				81,225,297	81,225,297
Deposits with investment houses				4,314,440	4,314,440
Certificates of deposits held by investment houses				4,672,252	4,672,252
Cash on hand				<u>25,754</u>	<u>25,754</u>
				<u>\$ 495,751,243</u>	<u>\$ 495,751,243</u>

The investments that are represented by specific identifiable investment securities are classified as to credit risk.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 - Detailed notes on all funds (Continued)

The levels of risk assumed in the various investments are categorized as follows:

- Category 1: includes the investments that are insured or registered or for which the securities are held by the Government or its agent in the Government's name.
- Category 2: includes uninsured and unregistered investments for which the securities are held by the bank's or dealer's trust department or agent in the Government's name.
- Category 3: includes uninsured and unregistered investments for which the securities are held by the bank or dealer, or by its trust department or agent but not in the Government's name.

In addition on June 30, 2003, the carrying amount of the Department of Health's deposits was \$1,667,735 and the bank balance was \$2,163,371. Of the bank balance, \$400,000 was covered by federal depository insurance; the remaining balance of \$1,763,371 was covered by collateral held by the financial institution's agent in the Department's name. The Department's deposits were composed of the following amounts:

Governmental activities	\$ 1,200,480
Fiduciary activities – agency funds	<u>467,255</u>
	<u>\$ 1,667,735</u>

## B. Receivables

Property taxes are administered on a calendar year basis subject to the following dates:

Lien date	January 1
Levy date	August 15
Collection period	September 15 - November 15
Due date	November 15

Receivables at December 31, 2003, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Fire Protection	Special Sales Tax Phase III	Special Sales Tax Phase IV	Water and Sewer	Bush Field	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Receivables:									
Taxes	\$ 4,277,258	\$ 543,950	\$ -	\$ -	\$ -	\$ -	\$ 2,978,043	\$ 1,296,602	\$ 9,095,853
Accounts	5,151,720	-	133,298	2,397,570	6,207,262	772,198	882,832	654,049	16,198,929
Interest	-	-	26,719	-	913,235	-	86,667	1,312	1,027,933
Note	100,000	-	-	-	-	-	661,656	-	761,656
Intergovernmental	57,227	-	-	-	-	353,207	217,306	881,359	1,509,099
Gross receivables	9,586,205	543,950	160,017	2,397,570	7,120,497	1,125,405	4,826,504	2,833,322	28,593,470
Less: allowance for uncollectibles	(774,312)	(21,091)	-	-	(270,500)	(100,000)	(439,250)	(864,071)	(2,469,224)
Net total receivables	<u>\$ 8,811,893</u>	<u>\$ 522,859</u>	<u>\$ 160,017</u>	<u>\$ 2,397,570</u>	<u>\$ 6,849,997</u>	<u>\$ 1,025,405</u>	<u>\$ 4,387,254</u>	<u>\$ 1,969,251</u>	<u>\$ 26,124,246</u>

	Total	Adjustments to Full Accrual	Total
Taxes	\$ 9,095,853	\$ -	\$ 9,095,853
Accounts	16,198,929	3,068,652	19,267,581
Interest	1,027,933	-	1,027,933
Note	761,656	2,794,169	3,555,825
Intergovernmental	1,509,099	-	1,509,099
Allowance	(2,469,224)	-	(2,469,224)
Net total receivables	<u>\$ 26,124,246</u>	<u>\$ 5,862,821</u>	<u>\$ 31,987,067</u>

**Notes to Financial Statements - Continued**

**Year Ended December 31, 2003**

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**Note 3 - Detailed notes on all funds (Continued)**

Adjustments to full accrual relate to long-term notes receivable and internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the internal service funds receivables balances are included in governmental activities on the accompanying government-wide financial statement.

For the above-mentioned long-term notes receivable, the bank maintains records that are not recorded in the governmental fund financial statements. These loans represent funds received through HUD's Housing Rehabilitation Program. The Housing Rehabilitation Program is designed to fund improvements to homes owned and occupied by persons in low to moderate-income ranges. In 1993, loans were also made to owners of rental units under a deferred loan arrangement as part of the Housing Rehabilitation Program. Loans made for these projects vary as to amounts and interest rates based on the level of income of the owner/occupiers. In the governmental fund financial statements, repayments of these loans are recorded as other revenue in the Housing and Neighborhood Development Fund, a nonmajor special revenue fund.

Finally, the Fiduciary fund financial statements include \$24,807,936 in taxes receivable recorded in agency funds. This amount is excluded from the foregoing schedule and represents the amount of receivables billed on behalf of other governments in an agency relationship. Also, included in the Fiduciary fund financial statements and excluded from the foregoing schedule are interest receivable totaling \$586,485 in the pension trust fund.

In a prior year, the former City of Augusta entered into an agreement with the Georgia Housing and Finance Authority (GHFA) to aid in the administration of Federal funds granted through the State for HUD's Rental Rehabilitation Program. The Government acts only in an administrative capacity and does not directly receive or disburse any funds related to this project. Therefore, the receipts, disbursements and related notes receivable for the GRFA program have not been included in the financial statements.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 - Detailed notes on all funds (Continued)

## C. Capital assets

A summary of changes in capital assets is as follows:

Governmental Activities

	January 1, 2003	Additions	Disposals	December 31, 2003
Capital assets, not being depreciated				
Land	\$ 15,784,481	\$ 867,474	\$ -	\$ 16,651,955
Construction in process	78,716,156	15,051,719	(4,223,191)	89,544,684
Total capital assets not being depreciated	94,500,637	15,919,193	(4,223,191)	106,196,639
Other capital assets:				
Land and Site Improvements	9,314,207	1,463,085	-	10,777,292
Buildings	67,250,535	2,287,956	-	69,538,491
Building improvements	6,631,102	83,068	-	6,714,170
Vehicles	23,297,902	3,581,976	(912,162)	25,967,716
Machinery and equipment	7,318,138	370,098	-	7,688,236
IT - hardware	2,011,277	327,912	-	2,339,189
IT - software	1,170,009	472,141	-	1,642,150
Furniture and fixtures	1,087,487	-	-	1,087,487
Infrastructure	41,516,495	569,503	-	42,085,998
Richmond County Public Facilities	12,655,483	-	-	12,655,483
Total other capital assets	172,252,635	9,155,739	(912,162)	180,496,212
Less accumulated depreciation for:				
Land and site improvements	(4,132,789)	(428,848)	-	(4,561,637)
Buildings	(18,819,592)	(2,073,161)	-	(20,892,753)
Building improvements	(1,578,576)	(327,605)	-	(1,906,181)
Vehicles	(13,476,034)	(3,586,761)	912,162	(16,150,633)
Machinery and equipment	(4,087,414)	(596,398)	-	(4,683,812)
IT - hardware	(1,370,204)	(341,756)	-	(1,711,960)
IT - software	(797,766)	(201,313)	-	(999,079)
Furniture and fixtures	(1,054,565)	(7,049)	-	(1,061,614)
Infrastructure	(4,755,897)	(1,325,515)	-	(6,081,412)
Richmond County Public Facilities	(10,546,236)	-	-	(10,546,236)
Leasehold Improvements	-	(5,616)	-	(5,616)
Total accumulated depreciation	(60,619,073)	(8,894,022)	912,162	(68,600,933)
Other capital assets, net	111,633,562	261,717	-	111,895,279
Governmental activities capital assets, net	\$ 206,134,199	\$ 16,180,910	\$ (4,223,191)	\$ 218,091,918

Depreciation expense was charge to functions as follows:

## Governmental activities

General government	\$ 3,301,308
Judicial	1,407,371
Public safety	2,859,656
Health and welfare	94,105
Culture and recreation	1,129,837
Housing and development	5,130
Fleet	76,917
Risk Management	19,698
	<u>\$ 8,894,022</u>

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 - Detailed notes on all funds (Continued)

<u>Business-Type Activities:</u>	Balance December 31, 2002	Additions	Disposals	Balance December 31, 2003
<u>Water and Sewer</u>				
Capital assets, not being depreciated:				
Land	\$ 4,292,942	\$ 2,734,017	\$ -	\$ 7,026,959
Construction in progress	32,134,462	56,332,927	(6,884,606) *	81,582,783
Total capital assets not being depreciated	36,427,404	59,066,944	(6,884,606)	88,609,742
Other capital assets:				
Buildings	38,959,592	66,565	-	39,026,157
Vehicles	4,695,678	929,649	(417,667)	5,207,660
Machinery and equipment	5,641,631	503,697	(150,106)	5,995,222
Furniture and fixtures	421,374	-	-	421,374
Other capital	2,057,262	32,814	-	2,090,076
Water and sewerage systems	233,782,225	7,083,076	-	240,865,301
Contributed water and sewerage systems	10,563,423	-	-	10,563,423
Total capital assets being depreciated	296,121,185	8,615,801	(567,773)	304,169,213
Less accumulated depreciation for:				
Buildings	(19,500,163)	(1,204,305)	-	(20,704,468)
Vehicles	(2,800,446)	(1,118,153)	417,667	(3,500,932)
Machinery and equipment	(4,582,292)	(359,155)	149,713	(4,791,734)
Furniture and fixtures	(410,891)	(10,482)	-	(421,373)
Other capital	(1,866,086)	(107,405)	-	(1,973,491)
Water and sewerage systems	(78,436,338)	(6,711,900)	-	(85,148,238)
Contributed water and sewerage systems	(5,364,821)	(508,415)	-	(5,873,236)
Total accumulated depreciation	(112,961,037)	(10,019,815)	567,380	(122,413,472)
Other capital assets being depreciated, net	183,160,148	(1,404,014)	(393)	181,755,741
Water and sewer capital assets, net	\$ 219,587,552	\$ 57,662,930	\$ (6,884,999)	\$ 270,365,483

\* Disposals in Construction in progress are shown as additions to Capital assets being depreciated.

**Notes to Financial Statements - Continued**

**Year Ended December 31, 2003**

**Note 3 - Detailed notes on all funds (Continued)**

	Balance December 31, 2002	Additions	Disposals	Balance December 31, 2003
<u>Augusta Regional Airport</u>				
Capital assets not being depreciated:				
Land	\$ 4,684,256	\$ -	\$ -	\$ 4,684,256
Construction in progress	2,633,587	582,108	(2,098,463) *	1,117,232
Total capital assets not being depreciated	<u>7,317,843</u>	<u>582,108</u>	<u>(2,098,463)</u>	<u>5,801,488</u>
Other capital assets:				
Site improvements	1,667,085	-	-	1,667,085
Building improvements	1,101,919	788,560	-	1,890,479
Buildings	8,027,945	1,459,697	-	9,487,642
Vehicles	1,638,759	719,736	-	2,358,495
Machinery and equipment	780,057	1,106,468	-	1,886,525
Furniture and fixtures	226,759	100,349	-	327,108
Other capital	166,145	-	-	166,145
Information tech – hardware	68,468	-	-	68,468
Information tech – software	26,224	-	-	26,224
Infrastructure	20,921,719	386,031	-	21,307,750
Total capital assets being depreciated	<u>34,625,080</u>	<u>4,560,841</u>	<u>-</u>	<u>39,185,921</u>
Less accumulated depreciation for:				
Site improvements	(1)	(99,354)	-	(99,355)
Building improvements	(326,333)	(71,115)	-	(397,448)
Buildings	(6,098,887)	(391,085)	-	(6,489,972)
Vehicles	(1,397,724)	(142,246)	-	(1,539,970)
Machinery and equipment	(456,852)	(113,949)	-	(570,801)
Furniture and fixtures	(102,303)	(42,071)	-	(144,374)
Other capital	(132,915)	(33,229)	-	(166,144)
Information tech – hardware	(15,473)	(23,627)	-	(39,100)
Information tech – software	(8,367)	(6,012)	-	(14,379)
Infrastructure	(9,442,955)	(633,284)	(14,260)	(10,090,499)
Total accumulated depreciation	<u>(17,981,810)</u>	<u>(1,555,972)</u>	<u>(14,260)</u>	<u>(19,552,042)</u>
Other capital assets being depreciated, net	<u>16,643,270</u>	<u>3,004,869</u>	<u>(14,260)</u>	<u>19,633,879</u>
Augusta Regional Airport capital assets, net	\$ <u>23,961,113</u>	\$ <u>3,586,977</u>	\$ <u>(2,112,723)</u>	\$ <u>25,435,367</u>

\* Disposals in Construction in progress are shown as additions to Capital assets being depreciated.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 – Detailed notes on all funds (Continued)

	Balance December 31, 2002	Additions	Disposals	Balance December 31, 2003
<u>Nonmajor enterprise funds</u>				
Capital assets, not being depreciated				
Land	\$ 2,616,361	\$ -	\$ -	\$ 2,616,361
Construction in process	277,310	299,001	-	576,311
Total capital assets not being depreciated	2,893,671	299,001	-	3,192,672
Other capital assets:				
Site and building improvements	1,729,712	152,415	-	1,882,127
Landfill Cell IIC	9,399,876	-	-	9,399,876
Buildings	3,212,244	-	-	3,212,244
Vehicles	4,608,272	198,759	(33,931)	4,773,100
Machinery and equipment	2,446,658	48,869	(169,797)	2,325,730
Furniture and fixtures	-	11,385	-	11,385
Total capital assets being depreciated	21,396,762	411,428	(203,728)	21,604,462
Less accumulated depreciation for:				
Site and building improvements	(1,041,843)	(67,371)	-	(1,109,214)
Landfill Cell IIC	(7,519,901)	(935,747)	12,472	(8,443,176)
Buildings	(1,017,378)	(102,535)	-	(1,119,913)
Vehicles	(2,510,928)	(493,417)	33,931	(2,970,414)
Machinery and equipment	(1,447,816)	(104,316)	107,125	(1,445,007)
Furniture and fixtures	-	(759)	-	(759)
Total accumulated depreciation	(13,537,866)	(1,704,145)	153,528	(15,088,483)
Other capital assets, net	7,858,896	(1,292,717)	(50,200)	6,515,979
Nonmajor enterprise funds, net	10,752,567	(993,716)	(50,200)	9,708,651
Business-type activities capital assets, net	\$ 254,301,233	\$ 60,256,190	\$ (9,047,922)	\$ 305,509,501

Depreciation expense was charged to business-type activities as follows:

Waste management	\$ 1,068,939
Water and sewer	10,019,815
Augusta regional airport	1,555,972
Municipal golf course	44,831
Daniel Field airport	66,606
Transit	523,769
	<u>\$ 13,279,932</u>

Notes to Financial Statements - Continued

Year Ended December 31, 2003

Note 3 -- Detailed notes on all funds (Continued)

Capital asset activity for the Department of Health for the year ended June 30, 2003 was as follows:

	July 1, 2002	Additions	Disposals	June 30, 2003
Capital assets, not being depreciated				
Land	\$ 1,287,797	\$ 150,000	\$ -	\$ 1,437,797
Other capital assets:				
Buildings	5,324,398	654,087	-	5,978,485
Improvements	595,153	-	-	595,153
Equipment	82,129	17,700	-	99,829
Vehicles	134,215	32,586	(34,335)	132,466
	6,135,895	704,373	(34,335)	6,805,933
Less accumulated depreciation	(648,008)	(190,980)	31,586	(807,402)
Other capital assets, net	5,487,887	513,393	(2,749)	5,998,531
Governmental activities capital assets, net	\$ 6,775,684	\$ 663,393	\$ (2,749)	\$ 7,436,328

D. Accounts payable and accrued liabilities

Payables for the Government at December 31, 2003 were as follows:

	Fund Financial Statements								Total
	General	Fire Protection	Special Sales Tax Phase III	Special Sales Tax Phase IV	Water and Sewer	Augusta Regional Airport	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
Payables:									
Accounts payable	\$ 1,728,499	\$ 78,613	\$ 474,258	\$ 907,402	\$ 6,666,104	\$ 636,191	\$ 1,066,686	\$ 741,763	\$ 12,299,516
Accrued interest	-	-	-	-	3,948,582	-	-	-	3,948,582
Accrued salaries and vacation	2,469,406	620,241	-	61,242	633,225	186,943	155,952	305,548	4,432,557
Other accrued liabilities	1,412,755	-	-	-	-	-	77,939	162,907	1,653,601
Total accounts payable and accrued liabilities	\$ 5,610,660	\$ 698,854	\$ 474,258	\$ 968,644	\$ 11,247,911	\$ 823,134	\$ 1,300,577	\$ 1,210,218	\$ 22,334,256

	Government-wide Financial Statements		
	Total	Adjustments to Full-Accrual	Total
Payables:			
Accounts payable	\$ 12,299,516	\$ 828,474	\$ 13,127,990
Accrued interest	3,948,582	95,100	4,043,682
Accrued salaries and vacation	4,432,557	(556,928)	3,875,629
Other accrued liabilities	1,653,601	-	1,653,601
Total accounts payable and accrued liabilities	\$ 22,334,256	\$ 366,646	\$ 22,700,902

Adjustments to full-accrual basis include \$95,100 related to accrued interest on governmental long-term debt, \$(556,928) relating to the reclassification of accrued vacation from accrued liabilities to liabilities due within one year, and the remaining balance of \$828,474 related to internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the accounts payable and accrued liability balances for the internal service funds are included in the governmental activities on the accompanying government-wide financial statement.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 - Detailed notes on all funds (Continued)

Also, the fiduciary fund financial statements include \$9,167 in other liabilities recorded in pension trust funds. This amount is excluded from the foregoing schedule and represents amounts due to various other agencies, individuals or governments.

## E. Deferred/Unearned Revenues

The balance of deferred revenues in the fund financial statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Taxes receivable net of allowance – General Fund	\$ 3,254,351	\$ -
Taxes receivable net of allowance – Fire Protection Fund	426,048	-
Taxes receivable net of allowance – Nonmajor governmental funds	2,190,395	-
Grant income received in advance of being earned – General Fund	-	432,410
Grant income received in advance of being earned – Nonmajor governmental funds	-	477,239
Business license income received in advance of being earned – General Fund	-	807,690
Insurance premium income received in advance of being earned – Fire Protection Fund	-	8,384,068
	<u>\$ 5,870,794</u>	<u>\$ 10,101,407</u>

## F. Landfill closure and postclosure costs

State and Federal laws and regulations require the Government to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$11,800,706 as of December 31, 2003, which is based on 84.70% usage (filled) of Cell II C which is operating currently, and 100% usage (filled) of Cells II A and II B. This liability is recorded in the Waste Management Enterprise Fund. It is estimated that an additional \$1,307,661 will be recognized as closure and postclosure care expenses between the date of the statement of net assets and the date the landfill is expected to be filled to capacity, which is in the next 2.05 years. The estimated total current cost of the landfill closure and postclosure care, \$13,108,366, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2003. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Government expects to finance the costs for the estimated landfill closure and postclosure care costs as they become due during the coming thirty years through the regular operations of the Government.

## G. Long-term debt

1. Governmental activitiesGeneral Obligation Bonds

\$7,020,000 1973 Public Improvement Bonds – due in annual installments of \$325,000 to \$350,000, plus interest at 4.75% to 5.5% through November 2003.

\$           -

Notes to Financial Statements - Continued

Year Ended December 31, 2003

Note 3 - Detailed notes on all funds (Continued)

In a prior year, a portion of the Certificates of Participation (Series 1993) was defeased by the creation of an irrevocable trust fund. Original proceeds remaining from the issue were used to purchase U.S. Government securities that were placed in a trust fund. The investments and fixed earnings from the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt is considered defeased and, therefore, not included as a liability in the government-wide financial statements Funds. As of December 31, 2003, the amount of defeased debt outstanding but removed from the governmental debt is \$1,355,000.

Notes payable

Housing and Neighborhood Development:

Section 108 loan – due in annual installments of \$65,000 to \$1,010,000, plus interest at 9%, through August 2005.

\$ 1,080,000

Revenue bonds

Downtown Development Authority:

\$2,600,000 1989 Downtown Development Authority Bonds – due in annual installments of \$125,000 to \$270,000, plus interest at 7.4% through January 2010.

\$ -

\$3,816,000 1990 Downtown Development Authority Bonds – due in annual installments of \$170,000 to \$375,000, plus interest at 7.55%, through January 2010.

-

\$4,035,000 2003 Downtown Development Authority Bonds – due in annual installments of \$535,000 to \$615,000, plus interest at 2.56%, through January 2010.

4,035,000

Augusta Port Authority:

\$1,200,000 1993 Augusta Port Authority Bonds – due in monthly principal and interest installments of \$9,773 through April 2008.

457,440

Total

\$ 4,492,440

Certificates of Participation

GMA Leases Fund:

\$16,888,000 Certificates of Participation – principal due in a lump sum payment on June 1, 2028.

Interest only payments are due annually at a rate of 4.75%, through June 1, 2028.

Original issue amount

\$ 16,888,000

Original issue discount

(898,307)

Total

\$ 15,989,693

Year ending December 31	Notes Payable		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 70,000	\$ 125,064	\$ 675,704	\$ 118,206	\$ -	\$ 802,180	\$ 745,704	\$ 1,045,450
2005	1,010,000	123,016	635,317	98,689	-	802,180	1,645,317	1,023,385
2006	-	-	655,923	79,195	-	802,180	655,923	881,375
2007	-	-	686,843	58,876	-	802,180	686,843	861,056
2008	-	-	623,653	39,032	-	802,180	623,653	841,212
2009-2013	-	-	1,215,000	31,296	-	4,010,900	1,215,000	4,042,196
2014-2018	-	-	-	-	-	4,010,900	-	4,010,900
2019-2023	-	-	-	-	-	4,010,900	-	4,010,900
2024 – 2028	-	-	-	-	16,888,000	3,542,962	16,888,000	3,542,962
	\$ <u>1,080,000</u>	\$ <u>248,080</u>	\$ <u>4,492,440</u>	\$ <u>425,294</u>	\$ <u>16,888,000</u>	\$ <u>19,586,562</u>	\$ <u>22,460,440</u>	\$ <u>20,259,936</u>

# AUGUSTA, GEORGIA

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

### Note 3 - Detailed notes on all funds and account groups (Continued)

On April 15, 2003, the County issued Downtown Development Authority of the City of Augusta Refunding Revenue Bonds, Series 2003, in the aggregate principal amount of \$4,035,000, with interest rate of 2.56%, to current refund \$3,690,000 of outstanding Downtown Development Authority of the City of Augusta Revenue Bonds, Series 1989, with interest of 7.4% and Downtown Development Authority of the City of Augusta, Georgia Parking Revenue Bonds, Series 1990, with interest of 7.55%. The net proceeds of \$3,961,834 (after payment of \$68,600 of issuance costs and \$4,566 of additional proceeds) were used to repay the Series 1989 and Series 1990 Downtown Development Authority Revenue Bonds.

The County completed the current refunding to reduce its total debt service payments over the next 7 years by \$448,624 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$400,000.

### Certificates of Participation

In June 1998, the Government entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the Government's participation totaling \$16,888,000, shown net of original issue discount of 898,307 at \$15,989,693. The lease pool agreement with the Association provides that the Government owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal of \$16,888,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The Government draws from the investment to lease equipment from the Association. The lease pool agreement requires the Government to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. Equipment in the amount of \$3,176,124 was leased during 2003.

### 2. Business-type activities

#### Revenue bonds

##### Water and Sewer:

\$149,400,000 2002 Water and Sewer Bonds – due in annual installments of \$235,000 to \$20,610,000 starting October 2002 thru October 2032, plus interest varying from 2/5-% to 5.75% on \$57,840,000 serial bonds, with interest of 5.0% on \$91,560,000 term bonds.	\$ 148,260,000
\$97,080,000 2000 Water and Sewer Bonds – due in annual installments of \$355,000 to \$11,105,000, plus interest at 4.4% to 5.25% through October 2030.	97,080,000
\$66,640,000 1996 Water and Sewer Bonds – due in annual installments of \$920,000 to \$4,445,000, plus interest at 3.6% to 6.25% through October 2028 (this liability is reflected in the Water and Sewer Fund net of deferred refunding amount of \$2,020,740).	59,620,000
\$5,910,000 1997 Water and Sewer Bond – due in annual installments of \$100,000 to \$400,000, plus interest at 3.6% to 5.25%, through October 2021. (This liability is reflected in the Water and Sewer Fund net of deferred refunding amount of \$410,549).	4,890,000
Total	309,850,000
Less: Deferred refunding amounts	(2,331,961)
Less: Bond issue discounts	(4,758,856)
Total	\$ 302,759,183

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 - Detailed notes on all funds (Continued)

Notes payable

## Water and Sewer Fund:

State revolving loan – due in quarterly principal and interest installments of \$94,668, plus interest at 4%, through May 2016. \$ 3,710,613

State revolving loan – principal and interest due in quarterly installments of \$119,392, plus interest at 4%, through July 2019. 5,496,768

Total \$ 9,207,381

Year ending December 31	Business-type Activities					
	Notes Payable		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 428,936	\$ 307,911	\$ 2,255,000	\$ 15,610,614	\$ 2,683,936	\$ 15,918,525
2005	512,729	343,511	2,340,000	15,513,920	2,852,729	15,857,431
2006	533,548	322,692	2,785,000	15,421,480	3,318,548	15,744,172
2007	555,212	301,028	3,950,000	15,307,550	4,505,212	15,608,578
2008	577,756	278,484	4,825,000	15,122,208	5,402,756	15,400,692
2009-2013	3,260,308	1,020,890	34,800,000	71,676,925	38,060,308	72,697,815
2014-2018	2,987,762	346,759	46,240,000	61,971,719	49,227,762	62,318,478
2019-2023	351,130	7,046	59,435,000	48,773,725	59,786,130	48,780,771
2024-2028	-	-	76,555,000	31,655,862	76,555,000	31,655,862
2029-2033	-	-	76,665,000	9,903,163	76,665,000	9,903,163
	\$ 9,207,381	\$ 2,928,321	\$ 309,850,000	\$ 300,957,166	\$ 319,057,381	\$ 303,885,487

During 2002, the Government issued \$149.4 million in Series 2002 Water and Sewerage Revenue bonds. A portion of the proceeds from the sale of these bonds was used to pay the outstanding balance of the Georgia Environmental Facilities Authority revolving loan in the amount of \$8,815,000 with an interest rate of 5.5%. The remaining portion of the bond proceeds \$140,585,000 was issued for the purpose of financing the costs of making additions, extensions and improvements to the Utility's water and sewer system. A portion of the net proceeds of \$8,692,368 (after payment of \$153,574 of underwriting fees and other issuance costs) was used to repay the Georgia Environmental Facilities Authority revolving loan. The remaining portion of the proceeds of \$125,691,320 (after payment of \$2,748,066 of underwriting fees and other issuance costs) plus an additional \$11,753,672 of funds from a capitalized interest fund is to be used for improvements to the Utility's water and sewer system.

No difference resulted in the current refunding between the reacquisition price and the net carrying amount of the old debt. The Government completed the refunding to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$792,000.

During 2000, the Government issued \$97.08 million in Series 2000 Water and Sewer Revenue bonds for the purpose of financing the costs of making additions, extensions and improvements to the Utility's water and sewer system.

During 1996, the Government issued \$66.6 million in Series 1996 Water and Sewer revenue bonds. A portion of the proceeds from the sale of these bonds was used to advance refund all of the former City of Augusta's Series 1972 and 1991 Water and Sewer revenue bonds and the former Richmond County's Series 1987 and 1991 Water and Sewer revenue bonds. Proceeds of \$19.4 million plus an additional \$4.9 million of sinking fund monies from the defeased issues were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the above-mentioned bonds. As a result, the bonds are considered to be defeased and the liabilities for those bonds have been removed from the Water and Sewer Fund.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 3 - Detailed notes on all funds (Continued)**

In 1997, the Government issued \$5.9 million in Series 1997 Water and Sewer Revenue Bonds. A portion of the proceeds from the sale of these bonds was used to advance refund all of the former Richmond County's Series 1986 Water and Sewer Revenue Bond. Proceeds of approximately \$5.6 million plus an additional \$.9 million of sinking fund monies from the defeased issues were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the above-mentioned bonds. As a result, the bonds are considered defeased and the liability for those bonds have been removed from the Water and Sewer Fund.

As of December 31, 2003, the amount of these defeased debts outstanding but removed from the Water and Sewer Fund is \$2,595,281.

The advance refunding during 1996 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$2.5 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2028 using the effective-interest method. The refunding increased the total debt service payments over the next 30 years by approximately \$8.6 million and produced an economic gain of approximately \$260,000.

The advance refunding during 1997 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$540,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the effective-interest method. The refunding will increase total debt service payments over the next 24 years by approximately \$2.1 million and will produce an economic gain of approximately \$110,000.

The Department of Health's long-term liabilities represent compensated absences. The debt for compensated absences was \$563,942 at June 30, 2003.

**H. Leases**

The Government has entered into several long-term lease agreements for various vehicles and machinery and equipment. Although the leases contain clauses which provide that the leases are cancelable if funds are not appropriated for the periodic payments for any future fiscal periods, the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 *Accounting for Leases* and the National Council on Governmental Accounting Statement No. 5 *Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments*.

The Government's lease agreements are through the Georgia Municipal Association and are accounted for in an internal service fund. Interest amounts are not material to the financial statements.

Future minimum lease payments under the leases and the net present value of the minimum lease payments as of December 31, 2003 are as follows:

	Governmental Activities	Business-type Activities
2004	\$ 1,326,735	\$ 547,190
2005	901,195	286,141
2006	90,302	-
2007	24,063	-
Present value of lease payments	\$ <u>2,342,295</u>	\$ <u>833,331</u>

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 - Detailed notes on all funds (Continued)

The Government is lessor of terminal space, land and buildings at Augusta Regional Airport at Bush Field and Daniel Field under various operating leases. Revenues and related expenses for Augusta Regional Airport at Bush Field are recorded in the Augusta Regional Airport at Bush Field Fund while the revenue and related expenses for Daniel Field are recorded in the Daniel Field Airport Fund. Some of the leases provide for additional payments based on usage activity in addition to non-cancelable amounts of fixed rates.

During 2003, rental income totaled approximately \$2.1million and \$91,000 in the Augusta Regional Airport at Bush Field and Daniel Field Airport Funds, respectively.

The assets acquired through capital leases as of December 31, 2003 are as follows:

	Governmental Activities	Business-type Activities
Vehicles	\$ 13,061,844	\$ 2,503,270
Machinery and equipment	<u>2,495,395</u>	<u>1,747,129</u>
Less: accumulated depreciation	<u>(8,349,522)</u>	<u>(1,104,169)</u>
Carrying value	\$ <u>7,207,717</u>	\$ <u>3,146,230</u>

## I. Changes in long-term liabilities

The following is a summary of long-term debt transactions of the year ended December 31, 2003:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Governmental activities:					
Bonds and notes payable:					
General obligation bonds payable	\$ 350,000	\$ -	\$ 350,000	\$ -	\$ -
Notes payable	1,145,000	-	65,000	1,080,000	70,000
Revenue bonds payable	<u>4,597,058</u>	<u>4,035,000</u>	<u>4,139,618</u>	<u>4,492,440</u>	<u>675,704</u>
Total bonds and notes payable	<u>6,092,058</u>	<u>4,035,000</u>	<u>4,554,618</u>	<u>5,572,440</u>	<u>745,704</u>
Certificates of participation	16,888,000	-	-	16,888,000	-
Less: original issue discount	<u>(943,222)</u>	<u>-</u>	<u>(44,915)</u>	<u>(898,307)</u>	<u>(44,915)</u>
Total certificates of participation	<u>15,944,778</u>	<u>-</u>	<u>(44,915)</u>	<u>15,989,693</u>	<u>(44,915)</u>
Other liabilities:					
Compensated absences	3,213,298	3,569,693	3,122,569	3,660,422	3,660,422
Capital leases	3,740,023	2,317,703	3,715,431	2,342,295	1,326,735
Claims and judgments	<u>1,064,635</u>	<u>1,671,958</u>	<u>1,311,409</u>	<u>1,425,184</u>	<u>1,425,184</u>
Total other liabilities	<u>8,017,956</u>	<u>7,559,354</u>	<u>8,149,409</u>	<u>7,427,901</u>	<u>6,412,341</u>
Governmental activities long-term liabilities	\$ <u>30,054,792</u>	\$ <u>11,594,354</u>	\$ <u>12,659,112</u>	\$ <u>28,990,034</u>	\$ <u>7,113,130</u>

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 3 - Detailed notes on all funds (Continued)

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Business-type activities:					
Revenue debt:					
Revenue bonds payable	\$ 312,025,000	\$ -	\$ 2,175,000	\$ 309,850,000	\$ 2,255,000
Less: deferred refunding amounts	(2,431,289)	-	(99,328)	(2,331,961)	-
Less: bond issue discounts	(4,939,092)	-	(180,236)	(4,758,856)	-
Total revenue debt	<u>304,654,619</u>	<u>-</u>	<u>1,895,436</u>	<u>302,759,183</u>	<u>2,255,000</u>
Other liabilities:					
Compensated absences	566,728	584,830	558,331	593,227	593,227
Notes payable	9,683,367	-	475,986	9,207,381	428,936
Capital leases	1,010,882	858,421	1,035,972	833,331	547,190
Closure/postclosure accrual	11,022,500	817,227	39,021	11,800,706	-
Total other liabilities	<u>22,283,477</u>	<u>2,260,478</u>	<u>2,109,310</u>	<u>22,434,645</u>	<u>1,569,353</u>
Business-type activities long-term liabilities	<u>\$ 326,938,096</u>	<u>\$ 2,260,478</u>	<u>\$ 4,004,746</u>	<u>\$ 325,193,828</u>	<u>\$ 3,824,353</u>

## J. Interfund balances and activities

Due From/To Other Funds

The composition of interfund balances as of December 31, 2003 are as follows:

Due to other funds

Due from other funds	General Fund	Water and Sewer Fund	Bush Field	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Trust and Agency	Total
General Fund	\$ -	\$ 5,702,212	\$ 1,663,879	\$ 1,141,568	\$ 3,538,534	\$ 433,451	\$ 1,448,563	\$ 13,928,207
Fire Protection Fund	-	-	-	-	-	-	53,531	53,531
Nonmajor Governmental Funds	-	-	-	-	-	-	162,357	162,357
Nonmajor enterprise funds	-	-	-	-	-	-	72,710	72,710
Trust and agency funds	100,000	-	-	-	-	-	-	100,000
<b>Total interfunds balances</b>	<u>\$ 100,000</u>	<u>\$ 5,702,212</u>	<u>\$ 1,663,879</u>	<u>\$ 1,141,568</u>	<u>\$ 3,538,534</u>	<u>\$ 433,451</u>	<u>\$ 1,737,161</u>	<u>\$ 14,316,805</u>

Amounts were due to other funds primarily for timing of payments from agency funds.

Transfers To/From Other Funds

Transfers in (out) for the year ended December 31, 2003 are summarized below:

Transfers out	General Fund	Fire Protection Fund	Bush Field	Nonmajor Governmental	Nonmajor Enterprise	Trust & Agency	Total
General Fund	\$ -	\$ -	\$ -	\$ 406,831	\$ -	\$ -	\$ 406,831
Special Sales Tax Phase IV	-	-	-	-	18,370	-	18,370
Bush Field	-	-	-	-	50,000	-	50,000
Nonmajor governmental	<u>1,805,740</u>	<u>6,012,000</u>	<u>100,000</u>	<u>418,740</u>	<u>4,760,520</u>	<u>1,305,030</u>	<u>14,402,030</u>
<b>Total transfers</b>	<u>\$ 1,805,740</u>	<u>\$ 6,012,000</u>	<u>\$ 100,000</u>	<u>\$ 825,571</u>	<u>\$ 4,828,890</u>	<u>\$ 1,305,030</u>	<u>\$ 14,877,231</u>

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 3 – Detailed notes on all funds (Continued)**

Transfers between the nonmajor governmental funds, the General fund and other nonmajor governmental funds were primarily to support the operation of the funds.

**Note 4 - Other information****A. Risk management**

The Government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Government is self-insured. The Risk Management Funds (an internal service fund) are utilized by the Government to account for and finance its self-insured risks of loss. The Risk Management Funds are maintained to provide general liability insurance, workers' compensation coverage, and unemployment coverage. The Government is self-insured for workers' compensation coverage through a self-insurance program that is administered under contracts with a third party administrator. Future claims can be paid from designated funds established in 1987 from previously unrestricted-unreserved funds. Balances as of December 31, 2003, include the following:

General Fund	\$ 4,705,061
Fire Protection Fund	250,000
Internal Service Fund	<u>564,243</u>
Total reserve	\$ <u>5,519,304</u>

Related liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The following represents the changes in the balance of claim liabilities for the Government from January 1, 2002 to December 31, 2003:

Unpaid claims, January 1, 2002	\$ 450,000
Incurred claims (including IBNRs)	1,661,912
Claim payments	<u>(1,047,277)</u>
Unpaid claims, December 31, 2002	1,064,635
Incurred claims (including IBNRs)	1,671,958
Claim payments	<u>(1,311,409)</u>
Unpaid claims, December 31, 2003	\$ <u>1,425,184</u>

**B. Contingent liabilities**Litigation

The Government is party to various legal proceedings which normally occur in governmental operations. The Government follows the practice of recording liabilities resulting from claims and legal actions only when they become probable and measurable. The Government has accrued a liability in the Risk Management Fund (an internal service fund) for all claims for which a loss is probable and measurable.

Possible unasserted claims

The Government participates in a number of Federal and state assisted grant programs, which are subject to program compliance audits under the Single Audit Act Amendments of 1996. An audit of these programs has been performed for the year ended December 31, 2003, in compliance with the Single Audit Act Amendments of 1996 and OMB Circular A-133. However, the audit is pending final acceptance by the various grantor agencies. The amount, if any, of expenditures, which may be disallowed by the granting agencies, is expected to be immaterial.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

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**Note 4 – Other information (Continued)****C. Contracts and commitments**Augusta-Richmond County Coliseum Authority

The Government has committed to provide funds to service the Augusta-Richmond County Coliseum Authority's debt to the extent of the 50% Hotel-Motel Excise Tax and 30% of the Beer Tax collected.

**D. Richmond County Public Facilities, Inc.**

The Richmond County Public Facilities, Inc. is a nonprofit organization, tax exempt under Internal Revenue Code Section 501(c)(3). The purpose of this nonprofit organization is to construct and maintain buildings and equipment to be leased by the Government, the Department of Family and Children Services, and the Richmond County Board of Education. The Richmond County Public Facilities, Inc. is part of the reporting entity of Augusta, Georgia, due to the degree of control the Government has over the Board of Directors of Richmond County Public Facilities, Inc.

Richmond County Public Facilities, Inc. issued Certificates of Participation to provide funds for the Government to refund the 1990 Certificates of Participation issue and for certain capital projects. The related assets are included in the financial statements of the Government in the General Fixed Asset Account Group. The Certificates of Participation were retired during 2001.

In addition, the Richmond County Public Facilities, Inc. issued Certificates of Participation of \$13,240,000 for the Richmond County Board of Education in a prior year. These Certificates of Participation are the sole responsibility of the Richmond County Board of Education and the related assets and liabilities have not been included in the financial statements of the Government.

**Note 5 - Pension plans****A. Plan descriptions, contribution information and funding policies**

The Government has seven single-employer pension plans and one agent multiple-employer pension plan currently in existence. These plans are defined benefit plans. The Government also has a single-employer, defined contribution plan. The following is a summary of funding policies, contribution methods, and benefit provisions for each plan.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

**Note 5 – Pension plans (Continued)**Single-employer pension plans1945 Plan

The 1945 Plan was available to all former Richmond County employees hired prior to October 1, 1975 that met the Plan's age and length of service requirements. Participants in the Plan who retired at or after age 60 are entitled to a monthly benefit equal to 2% of average earnings multiplied by years of service. Also, the benefit is not to exceed 60% of the average earnings. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. The Plan also provides for reduced benefits if the participant elects to retire after attaining age 50 and completing 15 years of service. Employees are required to make contributions to the Plan equal to 5% of earnings. The Government is required to contribute the remaining amounts necessary to fund the Plan. If a participant terminates employment prior to completion of ten years of credited service, the participant receives a lump-sum amount equal to his total contributions to the Plan, with 5% interest computed from January 1, 1997. After completion of at least ten years of credited service, the participant receives a monthly benefit deferred to his normal retirement date, equal to the benefit computed as for normal retirement multiplied by the percentage based on completed years of credited service, as follows: 50% after 10 years, increasing 10% each year to 100% after 15 years of credited service. This is a closed retirement plan (new employees may not participate in the Plan). The 1945 Plan does not issue a stand-alone financial statement report.

1977 Plan

The 1977 Plan was available to all former Richmond County full-time employees who were not participants in the 1945 Plan provided that they were not hired after reaching age 60. Normal retirement for the Plan is age 65 or the date when age 62 is attained and an employee completes 25 years of credited service. At that time, the employee is entitled to a monthly benefit equal to 1% of average earnings multiplied by years of credited service. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. The Plan also provides for reduced benefits if the participant elects to retire after attaining age 50 and completing 15 years of service. Employees are required to make contributions to the Plan equal to 4% of earnings. The Government is required to contribute the remaining amounts necessary to fund the Plan. If a participant terminates employment prior to completion of five years of credited service, the participant receives a lump-sum amount equal to his total contributions to the Plan, with interest. After completing at least five years of credited service, the participant receives a monthly benefit deferred to his normal retirement date, equal to the benefit computed as for normal retirement. This is a closed retirement plan (new employees may not participate in the Plan). The 1977 Plan does not issue a stand-alone financial statement report.

The funding policies for the 1945 and 1977 Plans provide for actuarially determined periodic contributions at rates that, for individual employees, remain stable over time so that sufficient assets will be available to pay benefits when due. The attained age aggregate cost method has been used to compute the normal cost for the plan. Any unfunded plan costs are spread over the average future working lifetime of the participants as a level percentage of payroll. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standard measure of the pension obligation.

General Pension Plan, Policemen's Pension Plan, Firemen's Pension Plan and the City Employees' Pension Plan

These Plans covered former City of Augusta employees. Policemen and firemen hired before 1945 are covered under the General Pension Plan. Policemen hired between 1945 and 1949 are covered under the Policemen's Pension Plan. Firemen hired between 1945 and 1949 are covered under the Firemen's Pension Plan. Other former City of Augusta employees hired between 1945 and 1949 are covered by the City Employees' Pension Plan. Pension benefits are being paid under these Plans to retired employees and beneficiaries. These are closed retirement plans (new employees may not participate in the plans). These plans do not issue stand-alone financial statement reports.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 5 - Pension plans (Continued)

General Retirement Plan

Employees hired after March 1, 1949 and before March 1, 1987, whose age did not exceed thirty-five years at the time of their employment and are not participants of the 1977 Plan are covered under the General Retirement Plan. Pension benefits vest after an employee is 45 years of age and has 15 years of full-time employment. An employee may retire at age 60 with 25 years of service and receive annual pension benefits equal to 2% of the employee's average salary earned during the last three years of employment, multiplied by the number of full-time years of employment. The Plan provides death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. All full-time employees hired before July 1, 1980, must contribute 8% of gross earnings to the Plan, with the Government contributing remaining amounts sufficient to provide future pensions. This is a closed retirement plan (new employees may not participate in the Plan). The General Retirement Plan does not issue a stand-alone financial statement report.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the frozen entry age cost method. The unfunded accrued liability is composed of pieces that are amortized over various periods to comply with Georgia law. When the actuarial value of assets exceeds 150% of the present value of accrued benefits, the Official Code of Georgia Annotated states that there is no minimum required contribution. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standard measure of the pension obligation.

Agent multiple-employer pension planGeorgia Municipal Employees Benefit System (GMEBS)

Employees hired after March 1, 1987 and before consolidation on December 31, 1995, and who were not participants in any other employer-sponsored retirement plan are covered under the Georgia Municipal Employees Benefit System. The Plan provides pension benefits, deferred allowances, and death and disability benefits. These benefit provisions and all other requirements including amendments are established by Government ordinance. A participant may retire after reaching the age of 65 if the participant is not classified as public safety personnel; participating public safety personnel may retire at age 65 or age 55 with 25 years of total credited service, whichever is earlier. Early retirement may be taken at age 55 with 10 years of credited service. Benefits vest after 10 years of service. Employees who retire at or after age 55 with 10 or more years of service are entitled to pension payments for the remainder of their lives equal to  $1\frac{1}{4}\%$  of their final five-year average salary times the number of years of which they were employed as a participant in the GMEBS. The final five-year average salary is the average salary of the employee during the final five years of full-time employment. Pension provisions include deferred allowances, whereby an employee may terminate his or her employment with the Government after accumulating 10 years of service but before reaching the age of 55. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching the age of 55. Employees must contribute 3.5% of their gross earnings to the Plan. In addition, the Government must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as amended by GMEBS. The GMEBS Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law. Since the Government's policy is to contribute the pension expense in each year, the funding strategy should provide sufficient resources to pay employee pension benefits on a timely basis. The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 5 - Pension plans (Continued)

Membership of the defined benefit plans are as follows:

	Retirees and beneficiaries receiving benefits	Terminated plan members entitled to but not yet receiving benefits	Active Plan members
1945 Plan	37	-	4
1977 Plan	72	170	626
General Pension Plan	1	-	-
Policemen's Pension Plan	3	-	-
Firemen's Pension Plan	9	-	-
City Employees' Pension Plan	15	-	-
General Retirement Plan (City 1949)	151	11	152
GMEBS	77	5	226
Total	365	186	1,008

The cost of administering the plans are financed through investment earnings.

Actuarial assumptions and other information used to determine the annual required contributions are located in the Supplementary Information section of this report.

Defined contribution planAugusta-Richmond County Board of Commissioners Retirement Savings Plan (the "1998 Plan")

All full-time employees with more than one month of service are eligible to participate in the Retirement Savings Plan. The Plan is a defined contribution plan under Section 401(a) of the Internal Revenue Code, and is administered by Nationwide Life Insurance, PPA support. The Plan was organized and may be amended by a majority vote of the full-body of the governing board, the Augusta-Richmond County Commission. Employees contribute four percent (4%) of their salary, and the Government contributes two percent (2%) of the employee's salary. At December 31, 2003, there were approximately \$1,297 plan participants. Participants are considered fully vested in the Government's contributions after completing five (5) years of service. For the year ended December 31, 2003, the employees' contributions were approximately \$1,403,334, and the Government's contributions were approximately \$701,667.

Richmond County Department of Health -- General Retirement Plan

All current full-time employees of the Department of Health participate in the Employees' Retirement System of Georgia (ERS), which is a cost-sharing multi-employer, defined benefit, public employee retirement system. The Department contributes at a specified percentage of active members payroll determined by actuarial valuation. The contribution requirements of plan members and the Department are established and may be amended by the ERS Board of Trustees. Retirement contributions made on behalf of eligible participants for the year ended June 30, 2003 were \$173,481. Members become fully vested after ten years of service.

**B. Summary of significant accounting policies**

Pension trust funds are accounted for on the accrual basis. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Government has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For information relating to reported investment values, see Note 1 G.

## Notes to Financial Statements - Continued

Year Ended December 31, 2003

## Note 5 - Pension plans(Continued)

## C. Concentrations and reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for any plans.

The plans held no individual investments whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

## D. Annual pension cost and net pension obligation

The Government's annual pension cost is determined using the calculation methodology defined in GASB Statement No. 27. The annual pension cost equals the Government's annual required contribution, plus any adjustments required to reflect defined minimum and maximum amortization periods and any prior period differences between the actual contribution paid into the plans and the annual pension cost.

## E. Trend information

	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2001</u>					
1945 Plan	01/01/2001	\$ -	\$ -	100%	\$ -
1977 Plan	01/01/2001	979,131	998,983	102%	-
General Pension Plan	01/01/2001	89,008	89,008	100%	-
Policemen's Pension Plan	01/01/2001	64,863	64,863	100%	-
Firemen's Pension Plan	01/01/2001	214,272	214,272	100%	-
City Employees' Pension Plan	01/01/2001	263,080	263,080	100%	-
General Retirement Plan (City 1949)	01/01/2001	-	-	100%	-
GMEBS	01/01/2001	192,622	192,622	100%	-
	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2002</u>					
1945 Plan	01/01/2002	\$ -	\$ -	100%	\$ -
1977 Plan	01/01/2002	916,427	925,071	101%	(54,035)
General Pension Plan	01/01/2002	23,348	23,348	100%	-
Policemen's Pension Plan	01/01/2002	66,888	66,888	100%	-
Firemen's Pension Plan	01/01/2002	206,334	206,334	100%	-
City Employees' Pension Plan	01/01/2002	299,512	299,512	100%	-
General Retirement Plan (City 1949)	01/01/2002	-	-	100%	-
GMEBS	01/01/2002	168,316	168,316	100%	-

## Notes to Financial Statements - Concluded

Year Ended December 31, 2003

## Note 5 - Pension plans(Continued)

	Fiscal Year Beginning	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>2003</u>					
1945 Plan	01/01/2003	\$ -	\$ -	100%	\$ -
1977 Plan	01/01/2003	620,596	655,871	106%	(179,218)
General Pension Plan	01/01/2003	24,290	24,290	100%	-
Policemen's Pension Plan	01/01/2003	70,546	70,546	100%	-
Firemen's Pension Plan	01/01/2003	182,862	182,862	100%	-
City Employees' Pension Plan	01/01/2003	285,177	285,177	100%	-
General Retirement Plan (City 1949)	01/01/2003	-	-	100%	-
GMEBS	01/01/2003	181,834	181,834	100%	-

## Note 6 - Joint venture and related organization

Joint venture

Under Georgia law, the Government, in conjunction with the sixteen counties and fifty-four cities in east Georgia known as the Central Savannah River Area (CSRA), is a member of the CSRA Regional Development Center (CSRA RDC). The CSRA RDC is a public organization that assists local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. The operations are mainly financed by membership dues and financial assistance provided by the State of Georgia. Membership in the CSRA RDC is required by the Official Code of Georgia Annotated (O.C.G.A.) §58-8-34 with annual dues based on a per capita amount. During the year ended December 31, 2003, the Government paid \$107,350 in such dues, which was based on a per capita amount of \$.55. The CSRA RDC Board membership is composed of one city official, one county official, and one private sector individual from each county. O.C.G.A. §58-8-39.1 provides that the Government is liable for any debts or obligations of the CSRA RDC. The Comprehensive Annual Financial Report of the CSRA RDC may be obtained from:

CSRA Regional Development Center  
3023 River Watch Pkwy  
Augusta, Georgia 30907

Related organization

The Government officials are responsible for appointing the members of the boards of another organization, but the Government's accountability for these organizations does not extend beyond making the appointments. The Government commission appoints the voting majority of the members of the Augusta-Richmond County Coliseum Authority.

## Note 7 - Hotel/motel lodging tax

The Government has levied a 6% lodging tax. A summary of the transactions for the year ended December 31, 2003 follows:

Lodging tax receipts	\$ 2,776,377
Disbursements to the Augusta-Richmond County Coliseum Authority, Augusta Convention and Visitors Bureau, and the Augusta Museum for promotion of tourism	<u>(2,776,377)</u>
Balance of lodging tax funds on hand at end of year	\$ <u>-</u>

## Notes to Financial Statements - Concluded

Year Ended December 31, 2003

**Note 7 – Hotel/motel lodging tax (Continued)**

The Government has received audit reports from the Augusta-Richmond County Coliseum Authority, Augusta Convention and Visitors Bureau, and the Augusta Museum covering the lodging tax monies. The subcontractor's expenditures were for promotion of tourism as required by O.C.G.A. §48-13-51.

**Note 8 – Significant contingencies**Federal and State assisted programs

The Government has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**Claims and judgments**

The Government is a defendant in various lawsuits. In the opinion of the Government's management and the Government attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the Government.

**Arbitrage**

The City's bond issues are subject to federal arbitrage regulations, and the Government has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to the date. Although the actual amount to be paid is not presently determinable, the Government believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

**Note 9 – Conduit debt obligations**

Conduit debt obligations are limited obligation revenue bonds, certificates of participation, or similar debt instruments issued for the purpose of providing capital financing for a specific third party that is not a part of the Government's financial reporting entity. The Government has no obligation for the debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued.

On December 14, 2000, the Government issued Special Facility Airport Revenue Bonds in the amount of \$3,110,000 which qualifies as a conduit debt obligation. The bonds are payable solely from revenues pledged under a lease agreement. As of December 31, 2003, the amount outstanding on the Special Facility Airport Revenue Bonds is \$3,110,000.

**A - Debt service requirements to maturity for bonds payable**

The following requirements to amortize debt outstanding as of December 31, 2003, including interest are as follows:

	Revenue Bonds	
	Principal	Interest
2004	\$ -	\$ 152,390
2005	-	152,390
2006	-	152,390
2007	-	152,390
2008	-	152,390
2009	-	152,390
2010	3,110,000	152,390
	<u>\$ 3,110,000</u>	<u>\$ 1,066,730</u>

**Notes to Financial Statements - Concluded**

**Year Ended December 31, 2003**

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**Note 10 – Prior period adjustments**

In a prior year, the Government made errors in reporting its capital assets and accumulated depreciation, resulting in an understatement of capital assets and an understatement of net assets in the governmental activities of \$600,556 and \$1,621,418 in the business-type activities. During the current year, an adjustment, which increased beginning net assets \$2,221,974, was made to correct these errors in the accompanying financial statements.